



# TOTAL COMPENSATION STUDY (FY2017)

August 15, 2018



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# Total Compensation Study

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- Contracted with Gallagher Benefit Services, Inc. (GBS)
- FY 2017
- Compared the State total compensation package with the average Utah private sector market



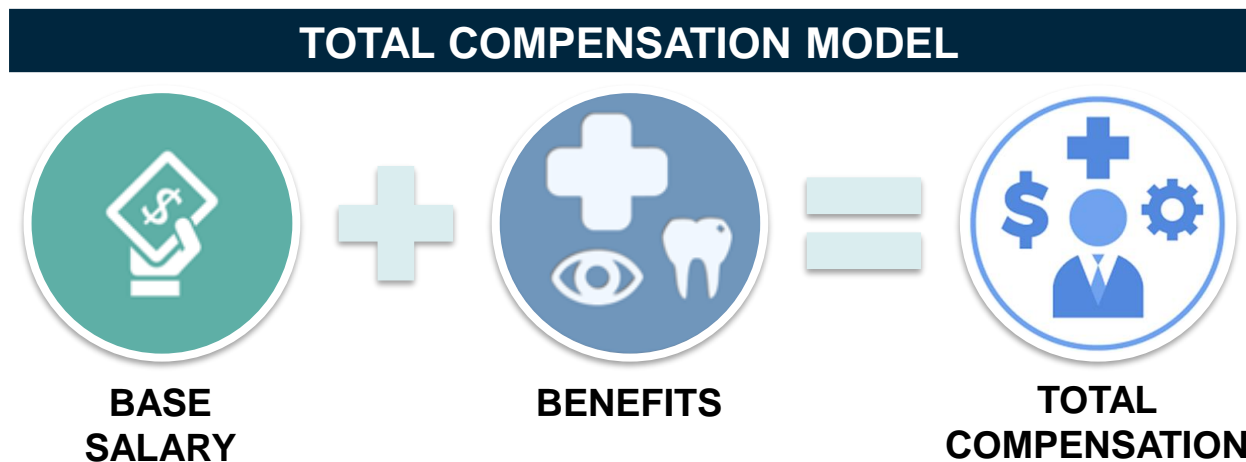
# Objective

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- Determine how does state employee compensation compare with the average Utah private sector employee



# Compensation Components



Elements of the benefits package are:

- Medical
- Dental and Vision
- Retirement (DC and DB)
- Life Insurance
- Long Term Disability
- Short Term Disability

**Leave** was excluded from Total Compensation to avoid double counting since it is already counted in the base pay figure. Hence, GBS has quantified the leave benefit separately, but did not assign it a monetary value for inclusion in Total Compensation.



# Total Comp – Without “Catch Up”\*

	State’s Current Position
Total Compensation - Tier 1	<u>Highly competitive</u> with market 2.04% above UT private market median
Total Compensation - Tier 2	<u>Highly competitive</u> with market -0.55% below UT private market median

\*Excludes unfunded pension “catch up” contributions



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# Total Comp – With “Catch Up”\*

	State's Current Position
Total Compensation - Tier 1	<u>Competitive</u> with market 8.93% above UT private market median
Total Compensation - Tier 2	<u>Competitive</u> with market 6.34% above UT private market median

\*Includes unfunded pension “catch up” contributions



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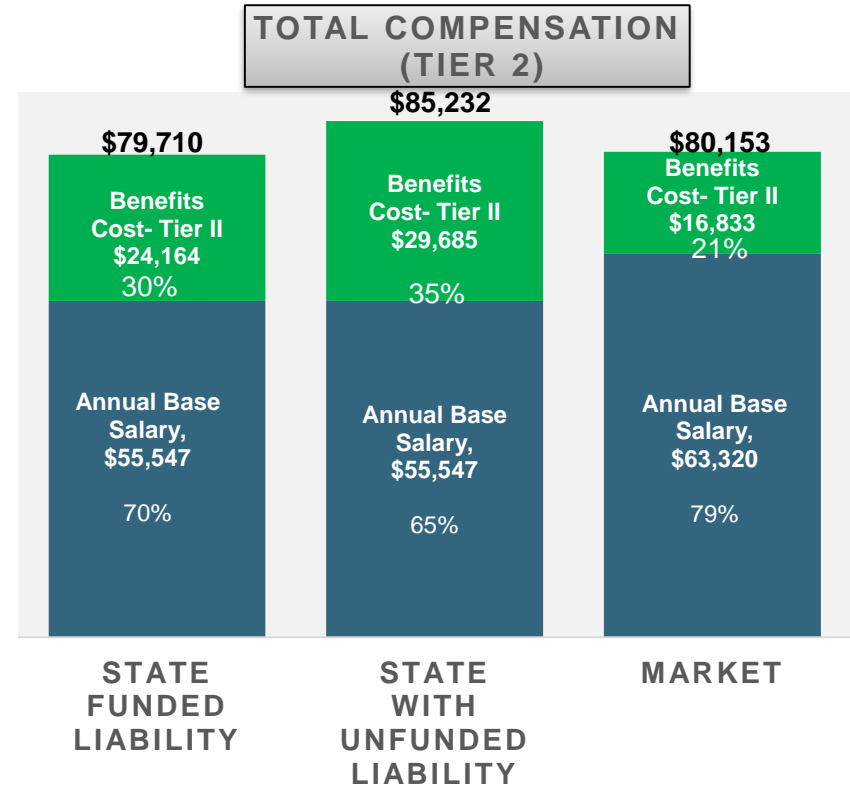
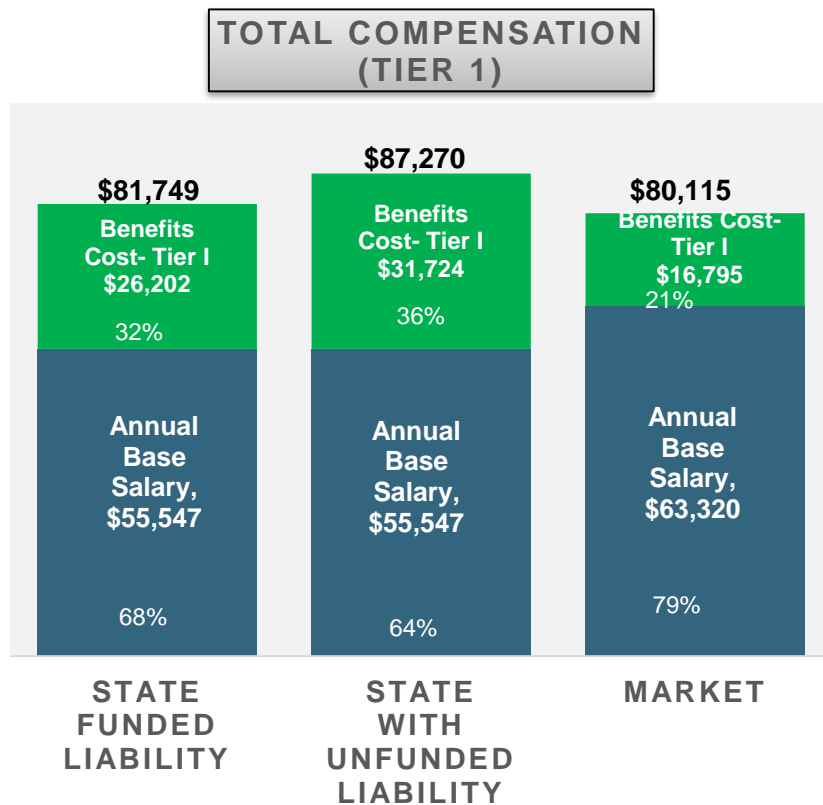
# Compensation Structure Without “Catch Up”

	State’s Current Position
Base Salary	<u>Possible misalignment</u> with UT private market at - 12.28% below market median.
Benefits - Tier 1	<u>Misaligned</u> with the market at 56.01% above market median.
Benefits - Tier 2	<u>Misaligned</u> with the market at 43.55% above market median.



# Total Compensation Comparison

The State is highly competitive with the private sector Utah market median for total compensation at Tier 1 & Tier 2.





# Total Compensation Pay Mix

## Tier 1 (excludes “catch up” contributions)

	State (Average)	Market P50
	Annual	Annual
<b>BASE SALARY</b>	<b>\$55,547</b>	<b>\$63,320</b>
<b>TOTAL BENEFITS</b>	<b>\$26,202</b>	<b>\$16,833</b>
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (DB)*	\$8,314	\$2,533
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83
<b>Total Compensation Package</b>	<b>\$81,749</b>	<b>\$80,153</b>

\* Retirement (Defined Benefit) = Funded Liability + 401k Employer Contribution of 1.5% + 401k Employer Match (\$26/pay period)

## Tier 2 (excludes “catch up” contributions)

	State (Average)	Market P50
	Annual	Annual
<b>BASE SALARY</b>	<b>\$55,547</b>	<b>\$63,320</b>
<b>TOTAL BENEFITS</b>	<b>\$24,164</b>	<b>\$16,833</b>
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (DC)*	\$6,275	\$2,571
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83
<b>Total Compensation Package</b>	<b>\$79,710</b>	<b>\$80,153</b>

\* Retirement (Defined Contribution) = Funded Liability + Death Benefit 401k + 401k Employer Match (\$26/pay period)



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# Market Competitiveness by Job Family

GBS allocated the benchmark jobs to job families. The majority of job families are highly competitive with market i.e. within +/- 5% variance with market.

Job Family	Total Comp Tier 1 (excluding unfunded contribution)	Total Comp Tier 1 (including unfunded contribution)	Total Comp Tier 2 (excluding unfunded contribution)	Total Comp Tier 2 (including unfunded contribution)	Market Competitiveness (excluding unfunded contribution)
	% Difference State vs. Market (State from Private Sector Utah)				
IT	4.68%	12.12%	1.88%	9.32%	Highly competitive with market
Finance	2.07%	9.03%	-0.54%	6.41%	Highly competitive with market
Administrative Assistant	5.63%	12.37%	3.10%	9.83%	Highly competitive with market
Human Resources	0.91%	7.82%	-1.69%	5.22%	Highly competitive with market
Maintenance	-1.23%	5.02%	-3.59%	2.66%	Highly competitive with market
Engineering	5.52%	13.06%	2.69%	10.22%	Highly competitive with market
Legal	-6.62%	-0.09%	-9.08%	-2.55%	Competitive with market



# Annual Leave

The table below provides a market comparison for the average number of annual paid vacation days provided to employees for an average tenure of 16 years; and the number of days that can be 'banked':

	Base Salary Average	Annual Vacation Paid Days* (Avg.)	Dollar Value Vacation Paid Days (\$) (at Avg. Salary)	% Diff from market (based on dollar value)
<b>Current</b>	\$55,547	20	\$4,166	6.7%
<b>Market (P50)</b>	\$63,320	18	\$4,465	

	Maximum paid vacation days "banked" (current plus carry over)	Dollar Value of annual "banked" days (\$)
<b>Current</b>	40	\$8,546
<b>Market (P50)</b>	29	\$7,134

\*- Market Paid Vacation Days reflect maximum days of paid vacation with more than 15 years of service and less than 20 years of service

- State Paid Vacation Days reflect maximum days of paid vacation at 15 to 16yrs of services. Average tenure is 16.88yrs



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# Sick Leave

The table below provides a market comparison for the average number of annual sick leave days provided to employees and the maximum number of days that can be accumulated:

	Base Salary Average	Annual Sick Leave Days (Avg.)	Dollar Value Sick Leave Days (\$) (at Avg. Salary)	% Diff from market (based on dollar value)	Maximum accumulation of Sick Leave Days	Dollar Value of Maximum accumulation of Sick Leave Days (\$)
<b>Current</b>	\$55,547	13	\$2,777	36.8%	Sick leave has no cap on accrual	-
<b>Market (P50)</b>	\$63,320	8	\$2,029		38	\$9,315



# Holiday

	Base Salary Average	Annual Holiday (Avg.)	Dollar Value Holiday (\$) (at Avg. Salary)	% Diff from market (based on dollar value)
Current	\$55,546	11	\$2,350	3.8%
Market (P50)	\$63,381	9	\$2,265	



# Recommendations

	Recommendations
<b>Total Compensation</b>	<ul style="list-style-type: none"><li>Overall the State is highly competitive with total compensation driven by benefits.</li></ul>
<b>Base Salary</b>	<ul style="list-style-type: none"><li>Review jobs misaligned by a variance greater than +/- 15% with the market to ensure appropriate recruitment and retention strategy.</li><li>Ensure base salary adjustments such as cost of living, step progression, and/or general salary increases in accordance with the market trends.</li></ul>
<b>Benefits</b>	<ul style="list-style-type: none"><li>The State offers higher benefits value compared to market. Ensure alignment with State's compensation philosophy.</li></ul>
<b>Leave</b>	<ul style="list-style-type: none"><li>The State provides a few more days of Annual Leave, Sick Leave and Holidays compared to market.</li></ul>

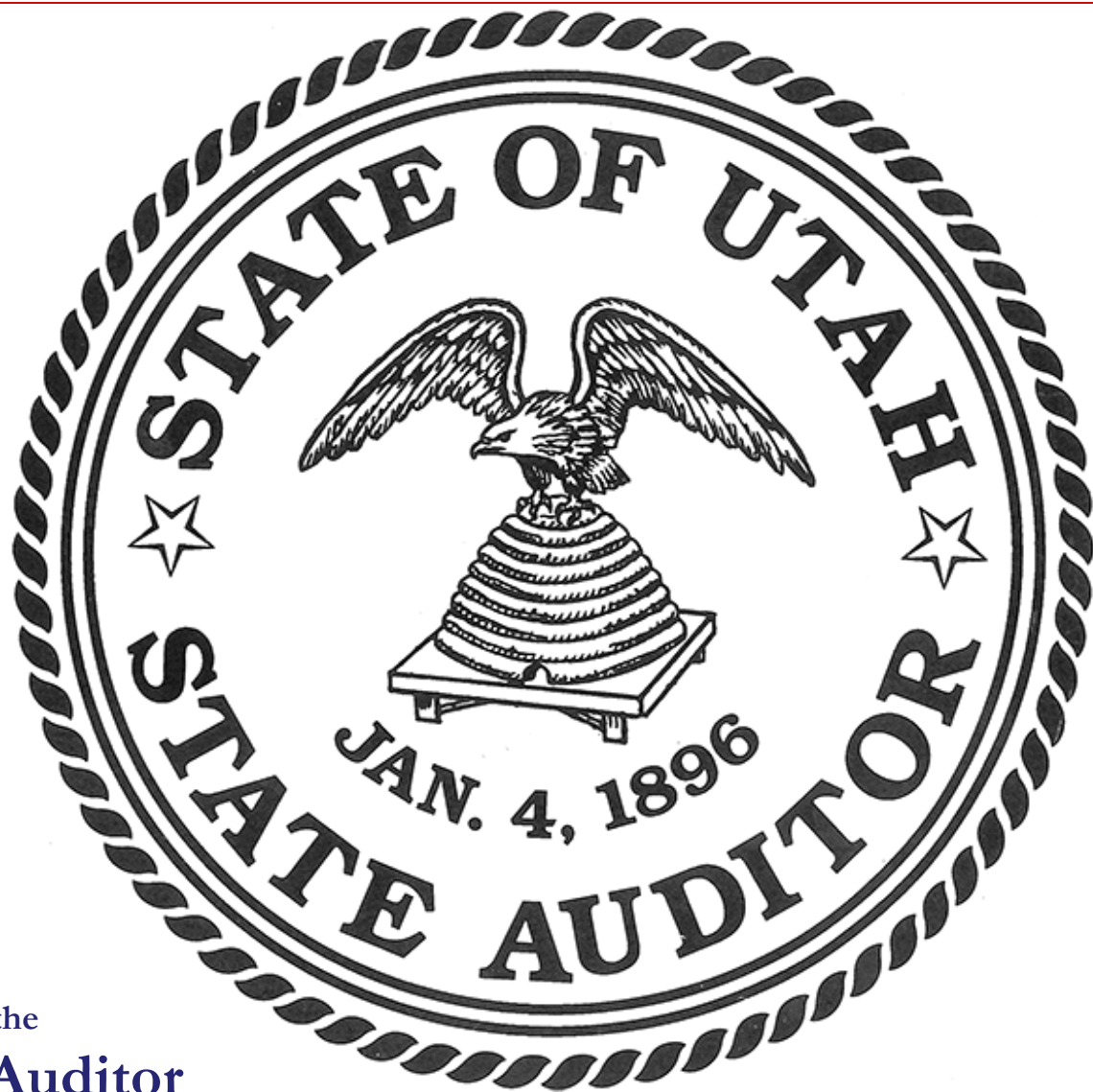


# Action Items

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- Determine State's compensation philosophy
  - Retention
  - Recruitment
  - Next generation skills
- Identify actions to align compensation practices with philosophy
- Begin taking steps to align compensation practice with philosophy





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# Methodology

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# Methodology- Benchmark Jobs

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- GBS identified a core group of benchmark jobs from the State list of 1,438 discrete job titles.
- 553 benchmark jobs were selected that are commonly found in most private sector organizations.
- Private sector UT data was available for 308 benchmark jobs (i.e. 56%)



# Methodology- Survey Sources

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- CompData Benchmark Pro 2016- West Region
- Willis Towers Watson 2016 survey library
- Mercer survey 2016 library
- Bureau of Labor Statistics – National Compensation Survey 2016
- Mountain States Information Technology Survey 2017
- Mountain States Utah Survey 2017
- Mountain States Benefit Survey 2016
- GBS National Benchmarking Survey 2017- Utah Private Sector cut



# Methodology- Survey Data Adjustments

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- No geographical adjustment
- Salary data aged to October 1, 2017



# Methodology- Survey Data Compilation

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- GBS combined survey data for each benchmark job to calculate the average of the 25th, percentile, 50th percentile (median), market average, and 75th percentile across job matches.
- Removed outliers



# Methodology- Survey Data Analysis

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- The percentage difference between the State's average actual salary and prevailing market salary was calculated
  - Positive (+) figure indicates that the State of Utah pays above the market
  - Negative (-) figure indicates that the State of Utah pays below the market
  - +/-5% = Highly Competitive
  - +/-10% = Competitive
  - +/-10-15% = Possible misalignment with market
  - >15% = Significant misalignment with market



# Methodology- Survey Data Analysis

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- Some of the benchmark jobs that are significantly misaligned (>15% difference) with the market do not necessarily mean misalignment.
- Factors such as performance, turnover, and longevity will impact actual salaries and may explain some of the differences between the State and the market actual salaries for individual jobs.

